THE ROLE OF INNOVATION TYPE AND STARTUP PERFORMANCE IN MEDIATING THE INFLUENCE OF ENTREPRENEURIAL INTENTION ON BUSINESS SUSTAINABILITY

Rizcho Louistama Setyana Putra[1]
Universitas Muhammadiyah Surakarta, Surakarta, Indonesia
p100230031@student.ums.ac.id

Kussudyarsana[2]
Universitas Muhammadiyah Surakarta, Surakarta, Indonesia
corresponding author: Kus165@ums.ac.id

Moechammad Nasir[3]
Universitas Muhammadiyah Surakarta, Surakarta, Indonesia
mn193@ums.ac.id

Abstract

This study aims to determine whether innovation type and startup performance mediate the influence of entrepreneurial intention on business sustainability. This study is Explanatory Research with a Quantitative approach. The sample size of this study was 187 respondents. Using the SmartPLS software. Partial Least Square (PLS) was used to analyze the data in this study. The results of this study are Entrepreneurial Intention has a significant effect on Business Sustainability. Entrepreneurial Intention has a positive and significant effect on Innovation Type. Entrepreneurial Intention has a positive and significant effect on Startup Performance. Innovation Type has a positive and significant effect on Startup Performance. Innovation Type has a positive and significant effect on Business Sustainability. Startup Performance has a positive and significant effect on Business Sustainability. Innovation Type and Startup Performance can mediate the influence of Entrepreneurial Intention on Business Sustainability.

Keywords: Entrepreneurial Intention, Business Sustainability, Innovation Type, Startup Performance

INTRODUCTION

The development of the world economy has progressed from time to time, many factors influence this development, one of which is the entrepreneurial factor in the country (Tajpour & Hosseini, 2021). Entrepreneurship also plays a role in creating prosperity, employment opportunities, and equitable distribution of wealth, serving as an engine for supporting a country's economic growth. The more people become entrepreneurs, the more jobs will be created, thus reducing unemployment (Jonathan et al., 2022).

An entrepreneur is an individual who creates a new business, takes risks, and capitalizes on the resulting profits. Entrepreneurs are also seen as innovators, idea generators, and creators of new businesses in the fields of goods and services.(van Tonder et al., 2023). Entrepreneurs or entrepreneurs have a very important role in the economic sector, by using the initiative and skills needed to anticipate needs and create good new ideas to enter the market (Klongthong et al., 2020). Entrepreneurs must also consider how the business they have built can operate and maintain long-term sustainability.

Business sustainability emphasizes the importance of maintaining a balance between short-term economic profits and long-term impacts on the environment and society. This encompasses a company's social, environmental, and economic responsibilities to its stakeholders (Fadliyanti et al., 2022). Individuals who prioritize business sustainability tend to make decisions that consider the long-term impact of their actions on the environment, society, and the economy. They view success not only from a short-term financial perspective, but also from the long-term sustainability of their business (Mugiono et al., 2020).

Engaging in sustainable business can enhance one's reputation and image in the eyes of customers, business partners, and the general public (Kussudyarsana et al., 2023). Positive contributions to the environment and society are often seen as significant added value. Business sustainability can be influenced by entrepreneurial intent, innovation, and company performance. Creativity and innovation play a crucial role in the business world. Innovation and creativity have distinct roles, but they still have distinct boundaries (Immawati & Anggi, 2022). A business can be created thanks to the entrepreneurial intention within the entrepreneur.

Entrepreneurial intention is a belief that an entrepreneurial career is a good alternative for him, by choosing this path he will be oriented towards action towards the goal of creating a business (Tusyanah et al., 2020). A person's entrepreneurial intentions are influenced by personality factors. In addition to personality, environmental influences also influence a person's entrepreneurial intentions. Entrepreneurial intentions are known to be a reliable predictor of actual entrepreneurial behavior (Anwar & Nabaz, 2021).

Innovation means renewal by creating something that already exists and then changing it to something better, higher quality, more attractive, and more in demand than before. Innovation is at the heart of sustainable business growth and development (Gusenbauer et al., 2023). Innovation enables companies to develop products, services, processes, and business models that are more efficient, effective, and sustainable from an economic, environmental, and social perspective (Febrianti et al., 2023). Innovation also helps companies adapt to increasingly complex and dynamic business environments, regulations, and market demands (Li et al., 2020).

Furthermore, business sustainability can also be influenced by performance. Performance is the result of work that has a strong relationship with the organization's

strategic goals, customer satisfaction, and contribution to the economy (Wise et al., 2023). Pramudita & Gunawan, (2023) explains that performance is a form of action or implementation of tasks that can be completed by a person or group of people in a certain time period and can be measured.

Good corporate performance and business sustainability are closely linked. Good corporate performance includes efficient use of resources, innovation, a strong reputation, and regulatory compliance (Kofler & Marcher, 2018). All these aspects contribute to business sustainability, which encompasses a company's social, environmental, and economic responsibilities towards all stakeholders, including employees, customers, and the general public (Sousa-Zomer & Cauchick Miguel, 2018). It is crucial for companies to understand and manage the balance between corporate performance and business sustainability. Integrating sustainability aspects into a company's strategy and operational practices is key to creating long-term value for all stakeholders and building a sustainable future for the company and society (Hogan & Coote, 2014).

Entrepreneurs are often characterized by having an entrepreneurial spirit, but that doesn't necessarily mean they have the potential to become entrepreneurs. Generally, every entrepreneur possesses a strong entrepreneurial spirit. Important skills for an entrepreneur are hard skills and soft skills. Hard skills are learned and practiced; they focus more on emotions and insight in dealing with others. Soft skills, on the other hand, are intangible and immeasurable. Soft skills include leadership, time management, decision-making, problem-solving, conflict resolution, adaptability, work ethic, and communication skills. It is hoped that these skills will produce highly capable entrepreneurs among young people, including students (Utomo, 2023).

Previous research on business sustainability has not been carried out much. According to research results Hanaysha et al., (2022) shows that innovation influences business sustainability. The results of this study further confirm that process innovation is crucial for achieving business sustainability. Ultimately, the results of this study verify that marketing innovation has a significant impact on business sustainability. Meanwhile, according to Le Trinh, (2019)The results of this study demonstrate the practical implications of startup performance. For startups to be sustainable, appropriate legal policies, including tax incentives, must be in place during the first three to five years of a new business's establishment. The government also supports these activities and is ready to assist in the effectiveness of startup projects.

Le Trinh (2019) emphasized that government policies and tax incentives play a greater role in supporting sustainable startups, not solely corporate innovation (Li et al., 2020) argue that green innovation and long-term innovation strategies have a greater impact on business sustainability than external factors such as government policies. They found that innovation in environmentally friendly business models and technologies can significantly improve startup competitiveness

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REVIEW OF LITERATURE

Business Sustainability

Business sustainability theory referring to the theory of Dynamic Capabilities developed by Teece, Pisano, and Shuen (1997), the theory explains how companies can achieve sustainable competitive advantage by developing dynamic capabilities to adapt and respond to changes in the market and external environment (Kussudyarsana et al., 2020).

This theory emphasizes the importance of innovation and continuous learning in managing and transforming a company's resources to create new value. Competitive advantage depends not only on possessing unique resources but also on a company's ability to adapt quickly to changes, whether through product innovation, changes in business processes, or the development of appropriate business models.Business sustainabilityis a concept that emphasizes the importance of conducting business in an environmentally, socially, and economically responsible manner. It encompasses efforts to manage the impact of business on the natural environment, society, and the economy in a way that promotes long-term sustainability (Rahman et al., 2020).

Entrepreneurial Intention

Entrepreneurial intentionis an entrepreneur who tends to create a business by taking advantage of existing opportunities (Tajpour & Hosseini, 2021). Entrepreneurial interest is a form of someone's focus on entrepreneurship due to a feeling of liking it and a desire to learn and understand. Future behavior that a person can carry out is preceded by intention: the stronger a person's intention to engage in a certain behavior, the greater the likelihood that the behavior will actually be carried out in the future (Elnadi & Gheith, 2021).

Startup Performance

Etymologically, performance has the same meaning as work achievement. According to Armstrong in Wibowo (2007: 7), performance is the result of work that has a strong relationship with the organization's strategic goals, customer satisfaction, and contribution to the economy (Maimun & Setyawan, 2020). Business performance is important because good business performance can ensure the sustainability of the business itself. Business performance can be used as a benchmark for the success or failure of a business (Sadiku-Dushi et al., 2019).

Innovation Type

Innovation is the implementation of new ideas to create value either directly for the company or indirectly for customers, whether the newness and added value are realized in products, processes, organizational systems, or marketing systems (Melati et al., 2022). Strategic innovation is innovation in the process of formulating and implementing strategies. Innovation tends to reflect a company's involvement in supporting the creation of new ideas and creative processes that can result in new products or services, technological processes, and new markets.(Mohammad et al., 2019).

RESEARCH METHOD

This type of research is explanatory research with a quantitative approach. According toSugiyono, (2018) Explanatory research is a type of research that aims to explain causal relationships between research variables through hypothesis testing. This research focuses on cause and effect, where one variable influences another. According to Cooper & Pemela, (2017) A population is a generalized area consisting of objects/subjects that have certain quantities and characteristics determined by the researcher to be studied and then conclusions drawn. The population in this study were students in Solo Raya who have businesses and whose businesses are more than 6 months old.

The sampling technique used was non-probability sampling with a purposive sampling approach. Non-probability sampling is a sampling technique in which not all members of the population have an equal chance of being selected as a sample (Sugiyono, 2018). In this method, sample selection is based on subjective considerations or specific

criteria set by the researcher. Purposive sampling is a non-probability sampling technique in which samples are deliberately selected based on certain characteristics deemed relevant to the research objectives (Sugiyono, 2018a). Because the population size is unknown, the calculation required to determine the minimum sample size is based on the theory of Malhotra (2006: 291), where the generally recommended sample size is a minimum of 5 to 10 times the number of variable indicators being analyzed. In this study, there are 18 question indicators, and the number of indicators is then multiplied by 10 to obtain the minimum sample size required. Through Malhotra's calculation, the minimum sample size required is 180 respondents.

The data collection method used in this study was by distributing questionnaires via Google Forms. The questionnaire was created using a Likert scale format with a scale that is often used in questionnaire preparation is the interval scale. The analysis tool in this study used the help of SMARTPLS 3.0 software. This study used Structural Equation Model (SEM) analysis with Partial Least Square (PLS). PLS (Partial Least Square) is a powerful analysis method because it does not assume data must be measured on a specific scale (Hair et al., 2016).

RESULTS AND DISCUSSION

This study uses a quantitative approach by distributing questionnaires via Google Form and analyzing them using SmartPLS 3.0 software to test the formulated structural model.

Table 1.
Respondent Description

Student Status	Frequency	Percent
WMK	75	40%
Students Own Businesses	112	60%
Amount	187	100%
Type of business		
Culinary	63	34%
Craft	10	5%
Fashion	42	22%
Creative Industry	57	30%
Technology	9	5%
Other	6	3%
Amount	187	100%
Business Age		
< 1 Year	95	51%
1-3 Years	78	42%
> 3 Years	14	7%
Amount	187	100%
Respondent's Address		
Boyolali	13	7%
Klaten	26	14%
Karanganyar	26	14%
Sragen	23	12%
Sukoharjo	9	5%

Surakarta	23	12%
Wonogiri	11	6%
Outside Solo Raya	56	30%
Amount	**187**	**100%**

Source: Processed Primary Data (2025)

Based on Table 1, the number of respondents in this study was 187. Based on student status, 75 (40%) were students participating in the WMK (Independent Entrepreneurship) program, while 112 (60%) owned their own businesses. In terms of business type, the majority of respondents were engaged in the culinary sector (63) (34%), followed by the creative industry (57) (30%), and fashion (42) (22%). Meanwhile, businesses in the crafts and technology sectors were run by 10 (5%) and 9 (5%) respectively, with 6 (3%) in other categories. Based on business age, the majority of respondents (95) owned businesses operating for less than a year, while 78 (42%) had businesses operating for 1–3 years, and 14 (7%) had businesses operating for more than 3 years. In terms of respondents' addresses, most came from the Solo Raya area, with the following distribution: Boyolali with 13 people (7%), Klaten and Karanganyar with 26 people each (14%), Sragen and Surakarta with 23 people each (12%), Sukoharjo with 9 people (5%), and Wonogiri with 11 people (6%). Meanwhile, respondents from outside the Solo Raya area numbered 56 people (30%).

Outer Model Analysis

Convergent Validity

To test convergent validity, the outer loading or loading factor value is used. An indicator is considered to meet convergent validity in the good category if the outer loading value is > 0.7. The following are the outer loading values for each indicator in the research variables.

Table 2.
Outer Loading Values

Business Sustainability	Entrepreneurial Intention	Innovation Type	Startup Performance	Information
X.1.	0.811			Valid
X.2	0.797			Valid
X.3	0.824			Valid
X.4	0.805			Valid
X.5	0.825			Valid
X.6	0.811			Valid
Y.1	0.833			Valid
Y.2	0.839			Valid
Y.3	0.842			Valid
Y.4	0.843			Valid
Y.5	0.876			Valid
Y.6	0.853			Valid
Z1.1		0.811		Valid
Z1.2		0.861		Valid
Z1.3		0.843		Valid
Z1.4		0.858		Valid
Z2.1			0.825	Valid

Z2.2	0.826	Valid
Z2.3	0.869	Valid
Z2.4	0.836	Valid
Z2.5	0.865	Valid

Source: Processed primary data (2025)

Based on Table 2, it is known that many of the research variable indicators have outer loading values > 0.7. However, according to Chin (1998), a measurement scale of loading values between 0.5 and 0.6 is considered sufficient to meet convergent validity requirements. The data above shows that no variable indicators have outer loading values below 0.5, so all indicators are deemed suitable or valid for research use and can be used for further analysis.

Discriminant Validity

Discriminant Validity is an intuitive measure to ensure that each concept of each construct or variable is different from other variables. Discriminant Validity can be assessed by looking at the AVEi (Average Variance Extracted) value > 0.5 so that it can be said to be valid in terms of convergent validity. The following are the AVEi values of each research variable:

Table 3.
Average Variance Extracted Value

Variables	AVE (Average Variance Extracted)	Information
Business Sustainability	0.719	Valid
Entrepreneurial Intention	0.659	Valid
Innovation Type	0.712	Valid
Startup Performance	0.713	Valid

Source: Processed Primary Data (2025)

Based on Table 3. above, each variable in this study shows an AVEi (Average Variance Extended) value of .> 0.5. Each variable in this study has an intuitive value of Business Sustainability of 0.719, Entrepreneurial Intention of 0.659, Innovation Type of 0.712, and Startup Performance of 0.713. This shows that each variable in this study can be said to be valid in terms of discriminant validity.

Reliability Test

Reliability testing indicates the level of consistency and stability of a measuring instrument or research instrument in measuring a concept or construct (Abdillah and Hartono, 2015). Reliability testing in this study used Composite Reliability and Cronbach's Alpha.

Table 4.
Reliability Test

	Composite Reliability	Cronbach's Alpha
Business Sustainability	0.939	0.922
Entrepreneurial Intention	0.921	0.897
Innovation Type	0.908	0.865
Startup Performance	0.925	0.899

Source: Processed primary data, 2025

The table above shows that the composite reliability value for all research variables is >0.7. The value for Business Sustainability is 0.939, Entrepreneurial Intention is 0.921, Innovation Type is 0.908, and Startup Performance is 0.925. This indicates that each variable

has a composite reliability, thus concluding that the composite variables have a high level of reliability. The table above shows that the Cronbach's alpha value for all variables in this study is above 0.6, with Business Sustainability at 0.922, Entrepreneurial Intention at 0.897, Innovation Type at 0.865, and Startup Performance at 0.899. So in this study, the Cronbach alpha value has met the requirements so that all constructs can be said to be reliable.

Inner Model Analysis

Goodness of fit test

Structural model evaluation is conducted to demonstrate the relationship between manifest and latent variables of the main predictor, mediator, and outcome variables in a single complex model. This model's goodness-of-fit test consists of two tests: R-square (R2) and Q-square (Q2).

R-Square Test (R2)

The R2 or R-Square value indicates the determination of exogenous variables on their endogenous variables. A higher R2 value indicates a better level of determination. R2 values of 0.75, 0.50, and 0.25 indicate a strong, moderate, and weak model, respectively (Ghozali, 2015). The following are the values of the coefficient of determination in this study:

Table 5.
R-Square Value

	R Square	R Square Adjusted
Business Sustainability	0.853	0.851
Innovation Type	0.757	0.756
Startup Performance	0.817	0.816

Source: Processed primary data, 2025

Based on the table above, R-Square is used to intuitively see the magnitude of the influence of the variables Entrepreneurial Intention, Innovation Type, and Startup Performance on Business Sustainability, namely with a value of 0.853 or 85.3%, so this relationship is a strong relationship. R-Square is also used to intuitively see the magnitude of the influence of the variable Entrepreneurial Intention on Innovation Type, namely with a value of 0.757 or 75.7%, so this relationship is a strong relationship. And also used to see the relationship between the variables Entrepreneurial Intention and Innovation Type on Startup Performance with a value of 0.817 or 81.7%, so this relationship is a strong relationship.

Q Square Test

The next test is the Q-Square test. The Q2 value in structural model testing is determined by looking at the Q2 (Predictive Relevance) value. The Q2 value can be used to measure how well the observation values generated by the model and its parameters match. A Q2 value > 0 indicates that the model has predictive relevance, while a Q2 value < 0 indicates that the model lacks predictive relevance. The following are the results of the Q-Square value calculation:

Table 6.
Q-Square Analysis (Q2)

Variables	Model	Mark
Business Sustainability	Q^2 (=1-SSE/SSO)	0.604
Innovation Type	Q^2 (=1-SSE/SSO)	0.528

Startup Performance	Q^2 (=1-SSE/SSO)	0.573

Source: Processed primary data, 2025

The results of the analysis obtained in this study are the Q2 value of Business Sustainability, produced at 0.604, this means the Q2 value> 0. Then for the Q2 value of Innovation Type produced at 0.528, this means the Q2 value> 0. Then for the Q2 value of Startup Performance produced at 0.573, this means the Q2 value> 0. Therefore, the feasibility of the model or goodness of fit in this study is good.

Hypothesis Testing

To test the hypothesis in this study, we can use a table of path coefficient values for direct influences and specific indirect effects for indirect influences (mediation).

Table 7.
Hypothesis Testing

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values	Information
Path Coefficient (Direct Effect)				
Entrepreneurial Intention (X) -> Business Sustainability (Z1)	0.185	2,913	0.003	Significant Influence
Entrepreneurial Intention (X) -> Innovation Type (Z1)	0.870	26,768	0,000	Significant Influence
Entrepreneurial Intention (X) -> Startup Performance (Z2)	0.534	7,820	0,000	Significant Influence
Innovation Type (Z1) -> Startup Performance (Z2)	0.401	5,749	0,000	Significant Influence
Innovation Type (Z1) -> Business Sustainability (Y)	0.313	3,410	0.001	Significant Influence
Startup Performance (Z2) -> Business Sustainability (Y)	0.561	5,613	0,000	Significant Influence
Indirect Effect				
Entrepreneurial Intention (X) -> Innovation Type (Z1) -> Business Sustainability (Y)	0.272	3,432	0.001	Significant Influence
Entrepreneurial Intention (X2) -> Startup Performance (Z2) ->	0.299	4,201	0,000	Significant Influence

Business (Y)	Sustainability

Source: Processed primary data, 2025

The Influence of Entrepreneurial Intention on Business Sustainability

Based on the path coefficient test results above, the t-statistic value was 2.913, meaning 2.913 > 1.96, with an effect size of 0.185 and a p-value of 0.003 > 0.05. Therefore, entrepreneurial intention partially has a positive and significant effect on business sustainability. These research results align with research conducted by Sarma et al., 2017)who found that entrepreneurial intention has a positive and significant effect on business sustainability. This finding suggests that while individuals have a strong desire to start a business, this does not necessarily guarantee long-term business survival.(Li et al., 2020)Other factors such as innovation, adaptability, and institutional support play an important role in ensuring business sustainability.

According toPutra & Utama, (2022) Tajpour & Hosseini, (2021) Entrepreneurial intention reflects an individual's determination to start and run an innovative, growth-oriented business. Individuals with strong entrepreneurial intentions tend to have thorough planning, the courage to take risks, and good adaptability in facing business challenges. In other words, entrepreneurial intentions are internal and short-term, while business sustainability requires concrete action, adaptive strategies, and resilience in the face of market dynamics (Tajpour & Hosseini, 2021). Therefore, it is crucial for entrepreneurs not only to have the intention to become entrepreneurs but also to equip themselves with the relevant skills and strategies to keep their businesses sustainable and growing.

The Influence of Entrepreneurial Intention on Innovation

Based on the results of the path coefficient test above, the t-statistic value was 26.206, meaning 26.206 > 1.96, with an effect size of 0.870 and a p-value of 0.000 < 0.05. Therefore, entrepreneurial intention partially has a positive and significant effect on innovation. These research results align with research conducted by Tusyanah et al., (2020) who found that Entrepreneurial Intention has a positive and significant influence on Innovation. According to Tajpour & Hosseini,(2021)Entrepreneurial intention is an individual's tendency to engage in entrepreneurial activities. When someone has a strong intention to become an entrepreneur, they tend to be more open to new ideas and more enthusiastic about generating innovative solutions to existing problems.

According toChandra et al., (2021) Entrepreneurial intent often involves a passion for identifying untapped opportunities in the market. This paves the way for innovation because entrepreneurs with strong intent are often more responsive to changing consumer needs and industry trends. They are more likely to continuously innovate to keep their businesses relevant and competitive. Entrepreneurial intent serves as a foundation that motivates entrepreneurs to think innovatively, act creatively, and produce breakthroughs that impact the products or services they offer.

The Influence of Entrepreneurial Intention on Startup Performance

Based on the results of the path coefficient test above, the t-statistic value was 7.386, meaning 7.386 > 1.96, with an effect size of 0.535 and a p-value of 0.000 < 0.05. Therefore, entrepreneurial intention partially has a positive and significant effect on startup performance. These research results align with research conducted by Tajpour & Hosseini, (2021)which found that entrepreneurial intention has a positive and significant effect on startup performance. Entrepreneurial intention plays a crucial role in startup performance by

providing motivation, driving innovation, the ability to manage risk, and the ability to build strong networks. These are all crucial factors that can help startups survive and thrive in a competitive market(Duan et al., 2019).

Meanwhile, according toTsou et al., (2023) Strong entrepreneurial intentions often encourage individuals to invest in developing relevant skills, such as business management, marketing, and innovation, all of which contribute to better startup performance. Furthermore, these intentions also motivate entrepreneurs to persevere in the face of initial challenges startups often face, such as limited capital, market uncertainty, and intense competition.When someone has a strong entrepreneurial intention, they are more likely to take the necessary actions to build a successful business, such as planning strategies, seeking resources, and managing risks.

The Influence of Innovation on Startup Performance

Based on the results of the path coefficient test above, the t-statistic value was 5.280, meaning 5.280 > 1.96, with an effect size of 0.400 and a p-value of 0.000 < 0.05. Therefore, partially, innovation has a positive and significant effect on startup performance. These research results align with research conducted by Lailah & Soehari, (2020) which found that innovation has a positive and significant impact on business performance. Innovation tends to reflect the company's involvement in supporting the creation of new ideas and creative processes that can result in new products or services, technological processes, and new markets (Mohammad et al., 2019). Innovation allows an entity to differentiate itself from its competitors.

Meanwhile, according toJo & Jang, (2022) Innovation has a significant impact on startup performance because the ability to innovate is often a key factor in determining success in a competitive and dynamic business environment. Innovative startups tend to be more flexible in responding to market changes, consumer needs, and technological developments. Through innovation, startups can find new ways to improve operational efficiency, such as adopting new technologies or developing more effective business processes. This increased efficiency can lower costs and increase profit margins, positively contributing to startup performance.

The Impact of Innovation on Business Sustainability

Based on the results of the path coefficient test above, the t-statistic value was 3.757, meaning 3.757 > 1.96, with an effect size of 0.349 and a p-value of 0.000 < 0.05. Therefore, partially, innovation has a positive and significant effect on business sustainability. These research results align with research conducted by Hanaysha et al., (2022) which found that innovation has a positive and significant impact on business sustainability. Innovation is not only related to creativity in producing products and services, but also to the creation of new technological processes. Innovation can be key for companies to create environmentally, socially, and economically sustainable business models. By adopting sustainable business practices, companies can become more resilient to environmental and social risks that can impact their operations.

Meanwhile, according toLi et al., (2020) Innovation plays a crucial role in maintaining business sustainability because the ability to continuously innovate allows companies to remain relevant and competitive in the long term. By creating new and improved products, services, or business models, innovation helps companies adapt to market changes, consumer trends, and environmental challenges. Innovation also enables businesses

to develop more efficient and environmentally friendly solutions, supporting sustainability from both an operational and environmental perspective.

The Influence of Startup Performance on Business Sustainability

Based on the path coefficient test results above, the t-statistic value was 6.879, meaning 6.879 > 1.96, with an effect size of 0.604 and a p-value of 0.000 < 0.05. Therefore, partially, startup performance has a positive and significant effect on business sustainability. These research results align with research conducted byAddison et al., (2020)which found that Performance has a positive and significant effect on Business Sustainability.Through a combination of high-performance business practices and a commitment to sustainability, companies can create a beneficial environment for all stakeholders, including shareholders, employees, customers, and society as a whole.

Meanwhile, according toSrimulyani et al., (2023)Startups with strong performance are typically able to achieve profitability, operational efficiency, and strong competitiveness, all of which contribute to business sustainability. Good performance enables startups to manage resources more effectively, whether financial, human, or technological. With good management, startups can continue to innovate, expand their markets, and increase their market share. This provides a strong foundation for the business's long-term survival.

The Influence of Entrepreneurial Intention on Business Sustainability Mediated by Innovation

Based on the results of the indirect effect test above, the t-statistic value was 3.746, meaning 3.746 > 1.96, and the p-value was 0.000 < 0.05. Therefore, innovation can partially mediate the relationship between entrepreneurial intention and business sustainability. These research results align with research conducted byMuna & Subawa, (2022)which found that innovation can mediate the relationship between entrepreneurial intention and business sustainability. Innovation, in this case, can produce solutions that are environmentally friendly, energy efficient, or reduce negative environmental impacts. Entrepreneurial intention often triggers the identification and discovery of new business opportunities. Innovation enables the development of new and sustainable business models, which can create added value for the company while maintaining a focus on sustainability principles (Cullen et al., 2023).

Meanwhile, according to Anjum et al., (2021) A strong entrepreneurial intention drives individuals to start businesses with determination and a long-term vision, which forms the foundation for business sustainability. However, intention alone is not enough; innovation plays a mediating role, transforming that intention into sustainable and productive actions. Entrepreneurs with a strong entrepreneurial intention tend to be more motivated to create new solutions and find innovative ways to run their businesses. This innovation enables them to develop products, services, or business models that are relevant to market needs and changing business environments.

The Influence of Entrepreneurial Intention on Business Sustainability Mediated by Startup Performance

Based on the results of the indirect effect test above, the t-statistic value was 4.435, meaning 4.435 > 1.96, and the p-value was 0.000 < 0.05. Therefore, startup performance can partially mediate the relationship between entrepreneurial intention and business sustainability. These research results align with research conducted byMuna & Subawa, (2022)who found that Performance can mediate the relationship between Entrepreneurial Intention and Business Sustainability.Entrepreneurial intention can be triggered by various

factors, including personal motivation, market opportunities, and the surrounding environment. Entrepreneurial intention motivates individuals to start a startup, and the initial performance of this startup subsequently influences the business's likelihood of survival and sustainable growth. If the startup demonstrates strong performance in terms of growth, market adoption, and customer satisfaction, it can increase the likelihood of the business's sustainable development (Danielsen & Parhankangas, 2019).

Meanwhile, according to Tajpour & Hosseini, (2021) Individuals are more likely to take proactive steps to build a successful business. Strong startup performance, such as achieving profitability, sustainable growth, and operational efficiency, signals that entrepreneurial intentions have been successfully translated into concrete actions that result in a healthy business. Good performance creates financial and operational stability, which is crucial for long-term business sustainability. With strong startup performance, businesses are better able to withstand market challenges, such as changes in consumer demand or competition. This creates a solid foundation for maintaining business sustainability.

CONCLUSION

Based on the results of the research that has been conducted using the Partial Least Square (PLS) data analysis method, the conclusion of this study is as follows, Entrepreneurial Intention has a significant effect on Business Sustainability so that the first hypothesis is accepted. Entrepreneurial Intention has a positive and significant influence on Innovation Type so that the second hypothesis is accepted. Entrepreneurial Intentionhas a positive and significant influence on Startup Performance so that the third hypothesis is accepted. Innovation Typehas a positive and significant influence on Startup Performance so that the fourth hypothesis is accepted. Innovation Typehas a positive and significant influence on Business Sustainability so that the fifth hypothesis is accepted. Startup Performancehas a positive and significant influence on Business Sustainability so that the sixth hypothesis is accepted. Innovation Typecan mediate the influence between Entrepreneurial Intention on Business Sustainability so that the seventh hypothesis is accepted. Startup Performance can mediate the influence between Entrepreneurial Intention on Business Sustainability so that the eighth hypothesis is accepted.

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